

Kiadis Pharma announces annual results for the year ended December 31, 2019

-Company to hold conference call for analysts and investors today at 18:00 CET

Amsterdam, The Netherlands, April 30, 2020 – Kiadis Pharma N.V. (“Kiadis”, “Kiadis Pharma” or the “Company”) (Euronext Amsterdam and Brussels: KDS), a clinical-stage biopharmaceutical company, today announces its audited 2019 Annual Results for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Arthur Lahr, CEO of Kiadis commented, “2019 was a transformational year for Kiadis with the acquisition of CytoSen Therapeutics in the first half; the termination of the ATIR101 development program in the second half; and the restructuring and refocus of our organization solely on Kiadis’ natural killer (“K-NK”) cell therapies in the fourth quarter. We were faced with some difficult decisions during the year, but we were always guided by our core values of always doing what is right and putting our patients first. In the face of adversity, I am proud of the decisions that our team has made and believe that we have emerged in 2020 as a stronger organization.”

Key Developments (including post reporting period)

- ⌋ During the first quarter of 2019, Kiadis’ focus was on preparing for approval of the marketing authorization application (MAA) for ATIR101 in the EU; the Company’s regulatory team was engaged in discussions with the European Medicines Agency (EMA) to respond to day 180 questions and Kiadis’ commercial team was executing a launch plan to be ready to commercially treat the first patient with ATIR in the EU.
- ⌋ During the second quarter of 2019, Kiadis acquired CytoSen Therapeutics and its proprietary Natural Killer (NK) cell therapy platform, a transaction that had the potential to transform Kiadis into a leader in cell-based cancer immunotherapy for the treatment of both liquid and solid tumors.
- ⌋ During the third quarter of 2019, Kiadis learned that it did not expect a positive response from the EMA and its MAA for ATIR101 would be rejected. As such, Kiadis commenced a strategic review of its current operations and programs to determine the future focus of the company.
- ⌋ In the fourth quarter of 2019, Kiadis completed the strategic review and decided to terminate the ATIR program and focus solely on the development of K-NK-cell therapies. The Company restructured its organization, reducing staff by approximately 50 percent and shifting its focus and all resources toward the advancement of its K-NK-cell therapy platform and programs.
- ⌋ In 2020, Kiadis has already made progress advancing its K-NK-cell therapy programs. For the K-NK003 program, the Company is supporting a Phase 1/2 investigator sponsored study with The Ohio State University for the treatment of R/R AML with off-the-shelf K-NK cells from universal donors. Kiadis also filed the first investigational new drug application with the U.S. Food and Drug Administration (FDA) for its planned NK-REALM Phase 1/2 study, which will evaluate K-NK002 in 63 patients with blood cancer undergoing a haploidentical hematopoietic stem cell transplant (HSCT). Additionally, in April, Kiadis raised EUR17 million through two private placements with a US biotech investor and Life Sciences Partners to continue to fund the development of the Company’s K-NK-cell therapy programs.

Financial Highlights

(Amounts in EUR million, except per share data)

	2019	2018	Change
Total revenue and other income			
Total operating expenses			
Research and development	(43.0)	(17.5)	(25.5)
General and administrative	(30.2)	(7.7)	(22.5)
Operating result	(73.2)	(25.2)	(48.0)
Net financial result	20.7	(4.6)	25.3
Net result	(52.6)	(29.8)	(22.8)
Net operating cash flow	(48.3)	(24.2)	(24.1)
Cash position at end of year	29.5	60.3	(30.8)
Equity	34.3	44.1	(9.8)
Earnings per share before dilution (EUR)	(1.92)	(1.46)	(0.46)

Revenue & Other Income

·The Group did not record revenue and/or other income in 2019 and 2018.

Operating Expenses

- ⌋ Operating expenses increased to EUR73.2 million from EUR25.2 million in 2018, an increase of EUR48.0 million which includes EUR19.0 million charges related to the termination of the ATIR platform development.
- ⌋ Research and Development expenses increased to EUR43.0 million from EUR17.5 million in 2018. Without the expenses for share-

based compensation, Research and Development expenses increased to EUR41.4 million from EUR16.6 million in 2018, an increase of EUR24.8 million. The increase was primarily caused by the increased clinical trial costs related to the ramp up of the Phase 3 study of ATIR101, and the increase of the work force that the organization experienced prior to the discontinuation of the ATIR activities. Following the June 2019 acquisition of CytoSen, research and development expenses also include costs associated with the development of K-NK002 and the other NK-programs that we acquired. As a result of the termination of the ATIR platform development, Research and Development expenses include impairment charges of tangible assets for an amount of EUR0.7 million in addition to restructuring charges of EUR4.0 million.

- General and Administrative expenses increased to EUR30.2 million from EUR7.7 million in 2018. Without the expenses for share-based compensation, General and Administrative expenses were EUR21.6 million higher at EUR28.6 million in 2019 compared to EUR7.0 million in 2018. General and Administrative expenses include impairment charges of intangible assets for an amount of EUR13.2 million and restructuring charges of EUR1.1 million. The increase was further due to increased headcount across all departments to support the continued growth of the company and consultancy expenses for business development, market access and the acquisition of CytoSen.

OPERATING RESULTS

As a result of the overall increase in total operating expenses, the Group's operating loss increased from EUR25.2 million in 2018 to EUR73.2 million in 2019.

NET FINANCIAL RESULT

- Net finance income for 2019 increased to EUR20.7 million from a net finance expenses of EUR4.6 million in 2018, an increase of EUR25.3 million.
- Finance expenses for our outstanding debt include interest on third party loans for EUR3.3 million compared to EUR3.7 million in 2018 and EUR0.2 million negative interest on outstanding cash and cash equivalents in 2019 and 2018. Interest expenses on our leases remained EUR0.5 million in 2019.
- In December 2011, the Company entered into an agreement with Hospira Inc. for which an amount of US\$24.5 million had been judged as a loan. The payment obligations are linked to sales of our ATIR platform dependent on the commercial sale of ATIR or linked to granting a sublease on the related Theralux technology. For this financial liability, the Company had to make significant judgments and estimates previously about future cash flows towards Hospira Inc. Due to the decision to terminate all ATIR activities, the repayment of the outstanding amount is remote. The Company reduced the outstanding loan balance as of December 31, 2019 to zero resulting in a financial gain of EUR10.8 million.
- The Group recognizes a contingent consideration related to the acquisition of CytoSen. Previous CytoSen's shareholders and former CytoSen's option received potential future consideration of additional Kiadis shares upon the achievement of six clinical development and regulatory milestones. The fair value of the contingent acquisition consideration is determined using the assumed probability rates of success (PoS) of the different milestones and the closing price as of each reporting date. As a result of a change in share price from June 5, 2019 to December 31, 2019 the contingent consideration decreased by EUR13.1 million.
- The Company recorded favorable results of net foreign exchange 2019 versus 2018 for the amount of EUR1.8 million. Net foreign exchange gain of EUR0.8 million in 2019 includes amongst others EUR0.4 million of realized (non-cash) Canadian dollar/euro exchange rate gain as a result of the impairment of goodwill and in-process R&D which was accounted for in Canadian dollars. The net foreign exchange gain includes unrealized (non-cash) exchange loss of EUR0.4 million on the loan from Hospira Inc denominated in US dollars and a gain of EUR0.8 million on an intra-group loans denominated in Canadian dollars.

NET RESULT

As a result of the above items, the loss for the year increased by EUR22.8 million to EUR52.6 million in 2019 versus a loss of EUR29.8 million in 2018.

CASH FLOWS

Total cash and cash equivalents decreased by EUR30.8 million from EUR60.3 million at year-end 2018 to EUR29.5 million at the end of 2019. This decrease mainly results from the net operating cash outflow amounting to EUR48.3 million, capital expenses of EUR4.5 million and repayments of outstanding loans of EUR5.7 million, offset by the net proceeds of a share offering for a total amount of EUR25.3 million and cash balances of CytoSen for an amount of EUR3.1 million, which we acquired on June 5, 2019.

EQUITY

The Company's equity position amounted to EUR34.3 million at year-end 2019 versus EUR44.1 million at the end of 2018, a decrease of EUR9.8 million. The main drivers of this decrease are the loss for the year of EUR52.6 million offset by net proceeds of a share offering of EUR25.3 million in total and shares issued upon the acquisition of a business combination.

Earnings per share

The undiluted loss per share for 2019 increased to EUR 1.92 compared to EUR 1.46 in 2018.

Annual Report

The Annual Report 2019 is available on Kiadis Pharma's website.

Conference Call and Presentation

To participate in the conference call, please call one of the following numbers ten minutes prior to commencement of the call:

Standard International: +44 (0) 2071 928338

Netherlands, Amsterdam: +31 (0) 207956614

UK, London: +44 (0) 8444819752

US, New York: +16467413167

US, toll free: 18778709135

Event Plus Passcode: 4968027

A live audio webcast of the call can be accessed from the Events and Presentations section of the Company's website, <https://ir.kiadis.com/events-and-presentations> or at <https://edge.media-server.com/mmc/p/6ctgdx37>.

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About Kiadis Pharma's K-NK-Cell Therapies

Kiadis Pharma's K-NK platform is designed to deliver potent NK cells to help each patient, without the need for genetic engineering. Kiadis Pharma's programs consist of off-the-shelf and haploidentical donor NK-cell therapy products for the treatment of liquid and solid tumors as adjunctive and stand-alone therapies.

The Company's PM21 particle technology enables improved ex vivo expansion and activation of cytotoxic NK cells supporting multiple high-dose infusions. Kiadis Pharma's proprietary off-the-shelf NK-cell platform is based on NK cells from unique universal donors and can make NK-cell therapy product rapidly and economically available for a broad patient population across a potentially wide range of indications.

Kiadis Pharma is developing K-NK002, which is administered as an adjunctive immunotherapeutic on top of HSCT, and K-NK003 for the treatment of relapse/refractory acute myeloid leukemia. In addition, Kiadis Pharma has pre-clinical programs evaluating NK-cell therapy for the treatment of solid tumors.

About Kiadis Pharma

Founded in 1997, Kiadis Pharma is building a fully integrated biopharmaceutical company committed to developing innovative therapies for patients with life-threatening diseases. With headquarters in Amsterdam, the Netherlands, and offices and activities across the United States, Kiadis Pharma is reimagining medicine by leveraging the natural strengths of humanity and our collective immune system to source the best cells for life. The Company's shares are listed on the Euronext Amsterdam and Brussels under the ticker KDS. Learn more at www.kiadis.com. Kiadis Pharma is listed on the regulated market of Euronext Amsterdam and Euronext Brussels since July 2, 2015, under the symbol KDS. Learn more at kiadis.com.

Forward Looking Statements

Certain statements, beliefs and opinions in this press release are forward-looking, which reflect Kiadis Pharma's or, as appropriate, Kiadis Pharma's officers' current expectations and projections about future events. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions that could cause actual results, performance, achievements or events to differ materially from those expressed, anticipated or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors including, but not limited to, changes in demand, regulation, competition and technology, can cause actual events, performance, achievements or results to differ significantly from any anticipated or implied development. Forward-looking statements contained in this press release regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. As a result, Kiadis Pharma expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this press release as a result of any change in expectations or projections, or any change in events, conditions, assumptions or circumstances on which these forward-looking statements are based. Neither Kiadis Pharma nor its advisers or representatives nor any of its subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this press release or the actual occurrence of the anticipated or implied developments. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release.